

going to a shared service model, where non-core business [business not inherently DoD-related] is going to small and medium-sized enterprises [SMEs]. We need contracts and tools that support that.”

Mihelcic agreed with Lerner’s assessment. “If it’s not DoD-specific, we should not be in that space.”

Small business has a large place in DoD eBusiness, according to the panelists. “We wired the border [between the U.S. and Mexico] to create a marketplace for SMEs,” said Zapanta, citing his association’s work with Fort Huachuca and small businesses.

“SMEs historically did not want to invest in government-specific requirements,” added Lerner. “The Web changes that; the cost of admission has gone down.”

SMEs have been involved in eBusiness through Web-based exchanges and through “co-opetition,” a term the panel used for the concept of businesses teaming with other, often larger competitors in the same marketplace.

Due to the current dot-com shakeout, “Electronic markets will mirror today’s non-electronic marketplace,” said Peterson. “We can’t walk away from small business. We must be inclusive in our business and technology strategies.”

Dr. Thomas answered questions regarding training for the future in an eBusiness environment. “We [Penn State University] teach fundamental business principles,” he said. “Technology changes — there really is no point in teaching it.”

In this world of new technology and rapid change, business processes are the

key to future success in DoD acquisition and logistics. Technology will continue to change, but EC Day 2001 had a timeless message:

*Tools don’t matter as much as people and business relationships.*

EC Day continues to succeed because of the relationships formed and ideas exchanged in a forum dedicated to truly revolutionizing electronic business throughout DoD.

**Editor’s Note:** To learn more about DoD’s electronic commerce and e-Business initiatives, visit the DEBPO (formerly JECPO) Web site at [www.defenselink.mil/acq/ebusiness](http://www.defenselink.mil/acq/ebusiness).

## FROM THE DIRECTOR, DEFENSE PROCUREMENT

**E**ffective Dec. 13, 2000, the Defense Federal Acquisition Regulation Supplement (DFARS) 242.72, “Material Management and Accounting Systems (MMAS),” was revised to eliminate MMAS coverage of areas where there is not a material risk to the government. Questions have been raised regarding the application of this rule to contracts that were entered into prior to Dec. 13, 2000 (existing contracts).

FAR 1.108, “Application of FAR Changes to Solicitations and Contracts,” permits contracting officers to include FAR changes in existing contracts with appropriate consideration. That same principle applies to DFARS changes as well. Since the revised rule merely eliminates coverage in areas where there is no material risk to the government, it is appropriate for contracting officers to apply the revised rule to existing contracts without receiving consideration.

The revised rule exempts educational institutions and non-profit contractors because such entities do not have significant material costs that would warrant application of the MMAS standards. It also exempts fixed-price contracts where financing payments are not based on cost, such as performance-based payments. To the

maximum extent practical, contracting officers should apply the revised rules by modifying existing contracts with educational institutions and non-profit contractors, and by modifying existing fixed-price contracts where financing payments are not based on cost.

The revised rule replaces the demonstration requirement with a requirement for the contractor to accurately describe its MMAS policies, procedures, and practices, and provide sufficient detail for the government to reasonably make an informed judgment regarding the adequacy of the MMAS. Contractors are also required to provide to the government, upon request, the results of internal reviews conducted to ensure compliance with established MMAS policies, procedures, and operating instructions. The government continues to have the same access to contractor records it had prior to the revision, and a contractor is still required to comply with the 10 MMAS standards. For existing contracts, contracting officers shall follow the revised rule by not applying the demonstration requirement to those contracts.

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